

Level II

Sales Comparison Class Problem # 1 Answer Comparative Attributes of an Apartment Building

Sale #	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
Sale Price		\$351,200	\$369,900	\$348,000	\$397,000	\$371,000
Square feet	12,800	12,800	13,000	13,120	14,400	14,400
Apartments	16	16	16	16	18	18
Rooms	48	48	48	48	54	54
\$/SF	\$364,160.00	\$27.44	\$28.45	\$26.52	\$27.57	\$25.76
\$/Apt	\$369,904.00	\$21,950.00	\$23,119.00	\$21,750.00	\$22,056.00	\$20,611.00
\$/Room	\$369,888.00	\$7,317	\$7,706	\$7,250	\$7,352	\$6,870
Sale Date	CURRENT	8 mo =	10 Mo =	15 mo =	15 mo =	24 mo =
Age	10	12 +	15 +	8 -	18 +	10 =
Stories	2	2 =	2 =	2 =	2 =	2 =
Condition	Ave	Ave =	Ave =	Ave =	Ave =	Fair +
Quality	C	C =	C =	C-1 +	C =	C =
Location	Good	Ave +	Good =	Good =	Good =	Ave +
Central A/C	Yes	No +	Yes =	No +	No +	Yes =
OVERALL COMPARISON		3 + 0 - Inferior	1 + 0 - Slightly inf	2 + 1 - Inferior	2 + 0 - Inferior	2 + 0 - Inferior

Range of Unit Values and the Median Value for Each Unit of Comparison

Unit of Comparison	Range	Median
\$/SF	\$25.76 to \$28.45	\$27.44
\$/Apt	\$20,611 to \$23,119	\$21,950.00
\$/Room	\$6,870 to \$7,706	\$7,317.00

Unit of Comparison	# of Square Feet and/or Units in Subject	Median Values	Indicated Value of the subject	Sale # 2 Values	Indicated Value of the Subject
\$/SF	12,800	\$27.44	\$351,232	\$28.45	\$364,160
\$/Apt	16	\$21,950.00	\$351,200	\$23,119.00	\$369,904
\$/Room	48	\$7,317.00	\$351,216	\$7,706.00	\$369,888

It appears that the value of the subject property is somewhere between \$351,000 and \$370,000. These are well above the current \$310,000 it is assessed for. The property needs to be re-valued.

Level II

Sales Comparison Class Problem # 2 Answer
Lump Sum and Percentage Adjustments

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4
Sale Price	Current	\$210,000	\$240,000	\$195,000	\$172,500
Date of Sale	Current	5 months	Current	11 months	20 months
Time Adjustment	none	\$15,750	\$0	\$32,175	\$51,750
Time Adj Sale Price	none	\$225,750	\$240,000	\$227,175	\$224,250
Other Adjustments					
Basement	Full	\$10,000	\$0	\$10,000	\$0
Garage	2 car	\$0	\$0	-\$3,000	\$3,000
Size Sq Feet	2400	\$0	\$6,000	-\$8,000	-\$4,800
Fireplace	1	\$0	-\$3,000	-\$3,000	\$0
Location	Water	\$0	\$0	\$22,718	\$22,425
Exterior	Cedar	\$0	-\$15,000	\$0	-\$15,000
Bathrooms	2	\$0	\$0	\$0	\$0
Net Adjustments		\$10,000	-\$12,000	\$18,718	\$5,625
Adjusted Price	\$235,750	\$235,750	\$228,000	\$245,893	\$229,875
	MEDIAN	\$232,813			

Level II

Sales Comparison PRACTICE PROBLEM # 1 Answer

PAIRED SALES PROBLEM ANSWER

Sale #	1	2	3	4	5
Sale Price	\$120,000	\$129,500	\$134,400	\$116,000	\$121,540
Square Ft.	2,000	2,056	2,100	2,000	2,060
Price/SF	\$60	\$63	\$64	\$58	\$59
Bedrooms	3	3	4	3	3
Bathrooms	2	2	2	1	2
Garage	2	3	2	2	3
Basement	Y	Y	Y	Y	N

Using the information below, fill in the grid and then determine the price per square foot that each attribute contributes. Round any odd cents to the nearest whole dollar.

Sale # 1 has three bedrooms, two baths, a 2-car garage and a full basement. It sold for \$120,000 and has 2,000 square feet.

Sale #2 sold for \$129,500 and has 2,056 square feet. It contains three bedrooms, two bathrooms, a 3-car garage and a full basement.

Sale #3 has four bedrooms, two baths, a 2-car garage and a full basement. It sold for \$134,400 and has 2,100 square feet.

Sale #4 sold for \$116,000 and has 2,000 square feet. It has three bedrooms, one bathroom, a 2-car garage and a full basement.

Sale #5 has three bedrooms, two bathrooms, a 3-car garage, but no basement. It sold for \$121,540 and has 2,060 square feet.

PRICE PER SQUARE FOOT FOR:

Bedrooms $\frac{64-60}{3} = 4$
(House 3 – House 1)

Bathrooms $\frac{60-58}{2} = 1$
(House 1 – House 4)

Garage $\frac{63-60}{3} = 1$
(House 2 – House 1)

Basement $\frac{63-59}{4} = 1$
(House 2 – House 5)

Level II

Sales Comparison Practice Problem # 2 Answer

SALE #	SUBJECT	SALE # 1		SALE # 2		SALE # 3		SALE # 4	
SALE PRICE			\$210,000		\$240,000		\$195,000		\$172,500
DATE OF SALE	CURRENT	5 MONTHS		CURRENT		11 MONTHS		20 MONTHS	
TIME ADJ		\$500/MONTH	\$2,500		\$0	\$500/MONTH	\$5,500	\$500/MONTH	\$10,000
TIME ADJ SALE PRICE			\$212,500		\$240,000		\$200,500		\$182,500
OTHER ADJ									
AGE	20	20	\$0	15 -	(\$8,000)	25 +	\$8,000	22 +	\$3,200
BASEMENT	FULL	NONE	\$10,000	FULL =		NONE =	\$10,000	FULL =	\$0
GARAGE	2 CAR	2 CAR =	\$0	2 CAR =		3 CAR -	(\$3,000)	1 CAR +	\$3,000
SIZE	2,400	2400 =	\$0	2250 +	\$6,000	2600 -	(\$8,000)	2520 -	(\$4,800)
FIREPLACE	1	1 =	\$0	2 -	(\$3,000)	2 -	(\$3,000)	1 -	\$0
LOCATION	WATER	WATER =	\$0	WATER =		NO +	\$22,700	NO +	\$22,700
EXTERIOR	CEDAR	CEDAR =	\$0	BRICK -	(\$15,000)	CEDAR =	\$0	BRICK -	(\$15,000)
BATHS	2	2 =	\$0	2 =		2 =	\$0	2 =	\$0
NET ADJ			\$10,000		(\$20,000)		\$26,700		\$9,100
ADJ PRICE			\$222,500		\$220,000		\$227,200		\$191,600

I WOULD USE \$222, 500 BASED ON ONLY ONE ADJUSTMEN FROM THE COMP TO THE SUBJECT. CLOSEST TO OUR SUBJECT.

Level II

Sales Comparison Practice Problem # 2 Answer

Sale # 1) Basement--Our subject has a basement and our comp does not. We have to adjust the comp to come to the subject. Since our comp does not have a basement but our subject does we have to add for the value of a basement which is \$10,000. This is the only adjustment that needs to be made since everything else the subject has the comp has the same.

Sale # 2) Our subject is 20 years old and the comp is 15 years old. That means our subject has had 5 more years of depreciation than the comp. Each year is worth \$1,600. 5 years times \$1,600 per year equals \$8,000. This is a deduction of \$8,000 because our subject is older. We have to deduct the value each year has to make the comp a 20 year old house like the subject. The next item is the square feet. We have less square feet in our comp so we have to bring it upward since it is inferior to our comp so it is added. 150 square feet times \$40/square foot = \$6,000. The next adj is the fireplace. Our comp has 2 and the subject has 1. We have to deduct the value of 1 fireplace from the comp since it is superior to our subject. The value is \$3,000. We have 1 more adj to make and that is for the brick. Our subject has cedar wood and the comp has brick which is superior so we have to subtract the amount of value that brick adds to a home, which is \$15,000.

Sale # 3) The first adj is time per this class. It sold 11 months ago and our research in the market shows time is an increase of \$500 per month. This gives us \$5,500 to add since it inferior to our subject. The next adj is the age. The comp is 25 years old and as such is 5 years older than our comp. This makes it an inferior adjustment which is upward. The subject is 5 years older at \$1,600 per year for an addition of \$8,000. The next adjustment is the basement. Our subject has one and the comp does not. This makes it inferior and the value to add for a basement from our research is \$10,000. The next adj made is for the 3 car garage which is 1 more bay than our subject which makes the comp superior for which we adjust downwards to the subject. The amount from our research for an extra garage bay is \$3,000. Next we have the square foot to adjust for. Our comp has 2,600 and our subject has 2,400 so the comp is superior to our subject and must be adjusted downward. The value of a square foot is \$40.00. The comp has 200 more square feet at \$40 to equal a deduction of \$8,000. Continuing on the fireplace is next. Our comp has 2 and our subject has 1 so the comp is superior to our subject the adj is a deduction. The value is \$3,000. The last adj we make is for water location. The subject is on the water and the comp is not so it is inferior to our subject. We add inferior adjustments. The amount of the adj based on our research is \$22,700.

Sale # 4) The first adj is time per this class. It sold 20 months ago and our research shows time is an increase of \$500 per month. This gives us \$10,000. (\$500 times 20 months). The next adjustment is for age. The subject is 20 years old and the comp is 22 years old. Therefore the comp is inferior to our subject because it is older. We have to add 2 years of age value to the comp to bring it to a 20 year old home. The amount for each year is \$1,600 and we have 2 years which makes a + adj of \$3,200. This makes the comp inferior to our subject and the amount we add for the garage from the market is \$3,000. The next adj is for the garage. Our subject has a 2 car and the comp has a 1 car. The value of a one car is \$3,000. The next adjustment is for size. The subject is 2,400 square feet and the comp is 2,520 square feet which makes the comp superior to our subject. The adj is \$40/square feet times 120 square feet or \$4,800. Our subject is on a lake and the comp is not which makes the comp inferior to the subject so we have to adjust the comp upwards. The amount to add is \$22,700. The last adj is for brick. Our subject is cedar and the comp is brick so it is superior to our subject and must be adjusted downwards. The adj is \$15,000.

Level II

Practice Problem # 3 Answer

Time Adjustment Practice:

Answer:

- 1.) Subtract difference between sale prices which is \$25,000. Then divide the \$25,000 1st sale price of \$208,000. You come up with .1202 or 12.02%.

This is the % increase per year, divide by 12, average increase per month is 1%.

- 2.) Sale #1 - $\$150,000 \times 5\% = \$7,500$ (this is amount of time adjustment). The time adjusted sale price is $\$150,000 + \$7,500 = \$157,500$

Sale #2 = $\$140,000 \times 11\% = \$15,400$ (time adjustment). Time adjusted sale price is the $\$140,000 + \$15,400 = \$155,400$.